

1996 MARKETING PLAN



P-0028

GOVERNMENT
DEPOSITION
EXHIBIT
874

0690800

Highly Confidential, Subject to Protective Order

Tran Schall

1996 MARKETING PLAN

MARKETING STRATEGY - SECURED CARD

Consumer

- Sponsor Aggressive Public Relations Campaign
- Expand Educational Platform for Consumers
- Support Consumer 800# Hotline for Secured Card Information/Referrals
- Broadcast Educational Radio Vignette Series; "Mastering Your Credit"

Member

- Facilitate Secured Card Advisory Forum
- Leadership Role in Industry Conferences via Chairing/Speaking Circuit
- Secured Card Consulting and Profitability Assistance
- Proprietary Research

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SITUATION ASSESSMENT - SECURED CARD

- High Growth Product; Target Market Opportunity Estimated at 17-20 Million
- 2.0 Million Existing Cards (Representing 60% Growth over 1994); Over 1.3 Million New Accounts to be Booked in 1996
- The Market is Dominated by a Few Key Issuers, However Over the Past Few Years, there Has Been a Dramatic Influx of New Players and Increased Interest Among Co-Branders
- Issuers are Marketing the Product Via Counter Offers to Unsecured Declines, Take Ones; Pre-Approved Direct Mail More Recently
- Profit Dynamics Differ from Unsecured Products; Compositionally, Issuers Make Majority of Revenue from Fees on Secured Cards
- Growing Consumer Appeal to Secured Card as a Viable Credit Option

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OBJECTIVES - SECURED CARD

- Grow MasterCard Share of New Account to 65% by end of 1996 from 58% in 1995
- Build Consumer Awareness of Secured Card as Useful Financial Tool
- Increase Consumer Requests for Secured Card Information and Applications
- Establish MasterCard as The Secured Card Brand of Choice Among Issuers and Consumers
- Maintain Leadership Role in This Category

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PUBLIC AFFAIRS - YOUTH

- MasterCard is Committed to Providing Young Consumers with Educational Information on the Responsible Use of Credit and Money Management
- Programs Currently in Place and the Markets they Reach:

<u>Program</u>	<u>Audience</u>
Master Your Future/Interactive Video	High School
College Fund-Amentals/Brochure	High School; College Freshmen
Mastering Your Money/Seminar	College
Mastering the Job Hunt/Book	College Graduates
Credit Card Basics/Brochure	First Time Cardholders

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SITUATION ASSESSMENT - HISPANIC

- Fastest Growing Segment; Estimated to Grow from 10% (25 million) to 14% (40 million) of the US Population in Next 15 Years
- Market is Geographically Concentrated; 70% of Hispanic Population Resides in Four States
- Market is Significantly Underpenetrated (26%) and Demonstrates a High Demand for Credit
- Target Market is Estimated at 12.3 Million Individuals and is Growing Rapidly
- Hispanic Portfolios Represent Strong Profitability Dynamics in Past Due to Low Loss Rates
- Language, Credit Qualifications, and Understanding of Credit Card Mechanics are Key Acquisition Barriers for this Segment

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PROMOTIONS - YOUTH

United Shuttle Student Promotion

- Provides Students with the Opportunity to Save \$10 on the United Shuttle Plus Receive up to 7,000 Bonus Miles
- United Shuttle Serves California, Washinton, Oregon, Nevada and Arizona
- Program Will be Promoted on West Coast Campuses Via Newspaper, Postering and Tabling Events
- Promotion Period November 1, 1995 - May 31, 1996

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PROMOTIONS - YOUTH

- COLLEGE MasterValues
- MasterCard ACTS
- CBS College Tour
- Airline Promotion
- CollegeFest

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OBJECTIVES - YOUTH

- Increase Cardholder Share Among College Students
- Strengthen Our Position as Leader in Segment
- Increase Preference for MasterCard as the Card of Choice for College Students
- Support Industry Presence Through Education
- Expand On-Campus Presence

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ADVERTISING - YOUTH

- Advertising Includes National Television in Addition to Highly Targeted College Media
 - Campus Television (CTV) on 235 Campuses Nationwide
 - Print Advertising has Been Customized for the College Market and is Delivered Through College Newspapers and College Magazines
 - Extensive Campus Postering and Promotion
 - Testing New Media Vehicles (Internet and Interactive Kiosks)

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ACQUISITION AND USAGE - CREATIVE TESTING

- MasterCard Brand Attributes Which Have Resulted in Improved Response Rates:
 - Integrating **"Smart Money"** Positioning
 - Integrating MasterValues and MasterGuest
 - Highlighting Key Product Feature (CPP/Purchase Protection)
- Key Response Rate Drivers Include:

<ul style="list-style-type: none"> - Positioning of Pricing Elements - Creative and Layout 	<ul style="list-style-type: none"> - Envelope Design - Tactile Involvement
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SITUATION ASSESSMENT - YOUTH

- Acquisition of First Brand Adopters is Key to Position for Long-Term Growth
- The College Segment Continues to be a Focal Point of Select Issuer Activity Given Long-Term Profit Potential and Ease of Acquisition
- Approximately 80% of Students Obtain a Credit Card by Graduation
- Member Activity is Highly Competitive with a Few Players Dominating the Market
- Spending Levels Among Competition Dramatically Increased in 1995
- MasterCard Investment in this Segment Continues to be Successful as Demonstrated by Growth of New Cardholder Share, Increased Card Preference Among Youth as well as Overall Member Support

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ACTIVATION AND USAGE RESEARCH

7 Focus Groups Conducted in Westchester & Boston - October 30-November 3, 1995

All Respondents: • Men & Women • Age 25-54 • HH Income \$20,000+ • Rep. of Married & Single • Rep. of Employment: Full-Time/Part-Time/Homemaker	Recent Credit Card Acquirers (Within past year)		Existing Credit Card Owners
	Active Used card in 1s t 3 Months of Receipt & Continue to Use Reg. or Occasionally	Inactive Have Had Card For 6+ Months & Not Used Yet	Inactive Used To Use Card, But Haven't Used For 6+ Months
Co-Branded 1/2 Standard & 1/2 Gold	X	X	X
Gold Bank Cards* 1/2 Gold MasterCard & 1/2 Gold Visa		X	X
Standard Bank Cards MasterCard & Visa (skewed to Visa)		X	X

* Household Income \$50,000+

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QUALITATIVE RESEARCH OVERVIEW

- Understanding the Inactive Market Target
 - Inactive New Cardholders
 - Inactive Existing Cardholders
- Encouraging Activation
 - Role of Balance Transfer
 - Role of Credit Line Increases
 - Role of Activation Reminders
 - Other Activation Ideas Explored

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ACQUISITION AND USAGE - KEY INITIATIVES

- MasterCard has Made a Commitment to Support Membership Acquisition and Usage. Focus is as Follows:
 - Research
 - Activation and Usage
 - Creative Testing
 - One-on-One Consultations
 - Partnership Programs

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ACTIVATION AND USAGE RESEARCH OVERVIEW

Objectives

To Better Understand How We Can Motivate Inactive Credit Cardholders to Activate and Continue to Use Their Cards

Approach

Phase I: Conduct Qualitative Research in Order to Develop Hypotheses to Better Understand the Issue of Activation and to Provide Input for Quantification

Phase II: Conduct Quantitative Research to Confirm/Refine Hypotheses Generated in Phase I

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KEY MERCHANT PARTNERSHIPS - TICKETMASTER

MasterCard and Ticketmaster are Establishing Exclusive Cardholder Programs Which Provide Value, Savings and Potentially Preferred Seating.

Examples:

- Night Out Program
- Family Event Program
- Exclusive Event Program

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KEY MERCHANT PARTNERSHIPS - SHERATON

MasterCard and ITT Sheraton Have Committed to a Marketing Alliance Which Will Make MasterCard the Official Card of Sheraton Focusing on Leisure Travel.

The Partnership Includes:

- Exclusive Card Status for Sheraton's Leisure Business
 - Holiday Sure Saver
 - Vacations By Sheraton
 - Sheraton Resorts
 - Endless Weekends
 - Four Points Brand Launch
- Preferred MasterCard Position on all Program Communication and Reservation Systems
- Establishment of On Property POS Opportunities
- Exclusive Value Added Offers on All Programs
- Member Targeting Opportunities

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PROMOTION/SPONSORSHIPS

Acceptance

- Supermarkets
- Healthcare
- Government
- Warehouse Clubs
- Travel

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KEY MERCHANT PARTNERSHIPS - TICKETMASTER

- MasterCard has Recently Signed a Comprehensive Marketing Alliance with **Ticketmaster** (TM), the World's Largest Ticketing Organization.

The Alliance Includes:

- Preferred Card Status on 48MM Phone Inquiries
- Brand Awareness Through TM Media Channels
- Cross Promotion Via Internet
- Development of Value-Added Cardholder Offers and Discounts

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PROMOTION/SPONSORSHIPS

- Sponsorships are Being Leveraged to Build Brand Visibility and Value;
- Targeted Sponsorships Facilitate Penetrating Targeted Segments

National Sponsorships

- World Cup (1998 France)
 - U.S. Team Sponsor
 - Youth Events
- PGA Tour
 - Pro-shop Sponsorship (11,000 stores)
 - Colonial Event (May '96, Texas)
 - Grand Slam (Nov.'95, Hawaii)
- NHL
- Six Flags

Targeted Sponsorships

Hispanic

- World Cup
- Calle Ocho, Cinco De Mayo, Fiesta Broadway, etc.

Youth

- MasterCard Acts
- CollegeFest
- CBS Tour

NASCAR

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PROMOTION/SPONSORSHIPS

NHL

- Official Card Status
- Exclusive Media Opportunities
- POS Promotion
- Key Event Platform
 - All Star Weekend
 - Stanley Cup

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PROMOTION/SPONSORSHIPS

MasterGuest

MasterGuest Will Continue to Offer Seasonal Travel Specials with Themed Inserts. Each Insert will be Distinct in Terms of the Offers, Destinatis, and Creative.

- | | |
|-------------------------------------------------------|-------------|
| 1) Vacations in the Sun (e.g., Caribbean, Hawaii) | 1st Quarter |
| 2) Family Vacations (e.g., Disney) | 2nd Quarter |
| 3) Worldwide Vacations (e.g., Europe, Mexico) | 3rd Quarter |
| 4) Cruise Vacations (e.g., Europe, Caribbean, Alaska) | Year-Round |
| 5) Golf Vacations (e.g., Florida, California, Hawaii) | Year-Round |

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PROMOTION SPONSORSHIPS










MasterGuest Timeline

	1995			1996											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<u>Vacations in the Sun</u> • Announcement Mailing • Member Order Inserts • Inserts Distributed • Offers Valid															
<u>Family Vacations</u> • Announcement Mailing • Members Order Inserts • Inserts Distributed • Offers Valid															
<u>Worldwide Vacations</u> • Announcement Mailing • Members Order Inserts • Inserts Distributed • Offers Valid															
<u>Cruise Vacations</u> • Announcement Mailing • Members Order Inserts • Inserts Distributed • Offers Valid															
<u>Golf Vacations</u> • Announcement Mailing • Members Order Inserts • Inserts Distributed • Offers Valid															

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PROMOTION/SPONSORSHIP

MasterValues Timeline

Program	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Baseline Program <i>(Standard and Gold)</i> Catalogue (Free Shipping) T&E Retail Catalogue (Free Shipping)	MasterValues By Mail – Wave I   MasterValues By Mail -- Wave II 											
Targeted MasterValues Travel (<i>Hotel, Dining</i>) College Business (TBD)	   											
Electronic MasterValues Test Market Roll-Out (TBD)												
Internet												
Custom Member Offers	